



U.S. Department  
of Transportation  
**Federal Aviation  
Administration**

Office of the Associate Administrator  
for Airports

800 Independence Avenue, SW.  
Washington, DC 20591

CLERK U.S. BANKRUPTCY COURT  
DISTRICT OF OREGON

**MAY 5 - 2016**

**MAY 09 2016**

Mr. Tim Sieber  
President  
SeaPort Airlines, Inc.  
d/b/a Wings of Alaska f/k/a Alaska Juneau Aeronautics, Inc.  
7505 NE Airport Way  
Portland, OR 97218

LODGED \_\_\_\_\_ REC'D \_\_\_\_\_  
PAID \_\_\_\_\_ DOCKETED \_\_\_\_\_

Dear Mr. Sieber:

I am writing to ensure that SeaPort Airlines, Inc., as a covered air carrier under title 49 United States Code (U.S.C.), § 40117(m)(7), and title 14 Code of Federal Regulations (CFR), § 158.3, complies with the statutory mandate for treatment of Passenger Facility Charges (PFCs) during its bankruptcy proceedings. Under Federal law, PFCs are accorded trust fund status, and an air carrier must hold PFCs in trust for the beneficial interest of the airports imposing the PFCs. The air carrier does not hold legal or equitable interest in PFCs (other than permitted handling fees or authorized interest). Title 49 U.S.C., §§ 40117(m)(2) and (5), title 14 CFR, § 158.49(b).

Federal statute and regulations (title 49 U.S.C., § 40117(m), and title 14 CFR, part 158) impose requirements for air carriers in bankruptcy, such as SeaPort Airlines, on their handling of PFCs. The basic features of the statute and regulation require that an air carrier on entering a bankruptcy proceeding:

- remove any PFCs commingled with its corporate revenues;
- establish for the duration of the proceeding a separate segregated corporate account (PFC account) and place within the account revenues equal to its average monthly PFC collections; and
- refrain from commingling future PFCs with any other corporate monies (by also placing them in the PFC account). Title 49 U.S.C., §§ 40117(m)(1) and (m)(6); title 14 CFR, § 158.49.

SeaPort Airlines, having filed a voluntary Chapter 11 bankruptcy petition in the United States Bankruptcy Court for the District of Oregon (Case No. 16-30406), must establish the PFC account and this account must be funded immediately. The average monthly PFC balance placed in the PFC account must be calculated from the average of the air carrier's past 12 months of PFC collections prior to entering bankruptcy. Any PFCs collected by SeaPort Airlines, but not yet remitted to airports, must also be placed immediately into the PFC account. The minimum PFC account balance must never fall below the average monthly amount.

If necessary, the air carrier may continue to deposit its ticket sales revenue into its general operating accounts combined with PFCs. However, at least once every business day, all PFC revenue must be accounted for, removed from those accounts, and transferred to the new and separate PFC account. The PFC account is solely for PFC transactions. A separate PFC account for each airport does not need to be established.

In addition, please be advised that SeaPort Airlines cannot pledge PFCs as collateral in any financial transaction. Title 49 U.S.C., § 40117(m)(3); title 14 CFR, § 158.49. Moreover, the other PFC requirements under title 14 CFR, part 158, continue to apply.

Please provide to the Federal Aviation Administration (FAA) by May 31, 2016, a copy of the air carrier's PFC quarterly reports prepared in accordance with 14 CFR, § 158.65, and include a list of any airports owed outstanding PFC obligations. In addition, FAA now requires a monthly PFC Account Statement delivered by the 5th day of each month. This monthly statement must include the following:

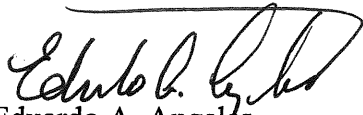
- the amount representing the air carrier's average monthly PFC collections;
- the amount representing any unremitted PFCs; and
- the total funds disbursed during the month.

Please review closely the applicable statutory and regulatory PFC provisions for SeaPort Airlines and provide FAA with verification by May 31, 2016, that the air carrier is in full compliance with them. Your monthly and quarterly PFC reports, as well as your verification, should be directed to:

Mr. Joseph Hebert  
Federal Aviation Administration  
Office of Airport Planning and Programming  
Manager, Financial Analysis and Passenger Facility Charge Branch, APP-510  
800 Independence Avenue, SW., Room 619  
Washington, DC 20591

Thank you in advance for your cooperation. Please contact Mr. Hebert at (202) 267-8375 if you have any questions. I am also sending a copy of this letter to the United States Bankruptcy Court to be placed in the case docket as information for interested parties, particularly airports served by SeaPort Airlines.

Sincerely,



Eduardo A. Angeles  
Associate Administrator  
for Airports

cc: Charlene M. Hiss, U.S. Bankruptcy Court District of Oregon  
Robert J. Vanden Bos, Vanden Bos & Chapman, LLP  
Mary Herrington, Seaport Airlines, Inc.